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C O N F I D E N T I A L SECTION 01 OF 03 BANGKOK 001305

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SUBJECT: AMBASSADOR RAISES SECURITY, REFUGEES, CUSTOMS, AND
OTHER ISSUES WITH DEPUTY PM SUTHEP

REF: BANGKOK 1203 (RAID ON MARKET)

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Classified By: Ambassador Eric G. John, reason: 1.4 (b and d).

SUMMARY AND COMMENT

1. (C) Deputy Prime Minister Suthep Thaugsuban assured the Ambassador that there would be no security problems during Secretary Clinton's July visit, in part because the authorities and local population in Phuket were sympathetic to the government. Suthep complained that former Prime Minister Thaksin Shinawatra aimed to subvert the monarchy and was engaged in public relations efforts to misrepresent conditions in Thailand. The Ambassador lobbied for a transparent screening mechanism for Lao Hmong in Thailand and for better conditions for Lao Hmong refugees currently held in a detention facility in Nong Khai. Suthep expressed compassion for Rohingya refugees but hoped they would resettle in Muslim-majority countries rather than in Thailand. He also said the RTG might provide Thai citizenship to stateless persons born in Thailand. The Ambassador expressed concern about the Customs Department assessment of a 200 million USD fine for U.S. company Amway, and commended recent RTG efforts to clamp down on intellectual property rights violations. Suthep vaguely requested that the USG ease regulations affecting Thai shrimp exports, and he said RTG efforts in the South would focus more on economic development and protecting the population rather than on killing insurgents.

2. (C) Comment: Despite the calm of the past few weeks, Suthep remains concerned about both the security environment and the efforts required to ensure that the governing coalition remains intact. Suthep appeared willing to assist on the issues of concern to us, and we will follow up to provide him with enough details that he might be able to take effective action. End Summary and Comment.

THE POLITICAL/SECURITY ENVIRONMENT
AND SECRETARY CLINTON'S VISIT

3. (C) In a June 1 lunch at the EMR, Deputy Prime Minister Suthep Thaugsuban told the Ambassador that former Prime Minister Thaksin Shinawatra was exacerbating the political divisions plaguing Thailand. Fundamentally, Thaksin aimed to

overthrow or marginalize the monarchy, Suthep believed. Thaksin and his allies would likely aim to break apart the governing coalition so as to push the Abhisit government from office by October, in order to prevent the Democrat Party from controlling budgeting for the next fiscal year. Were the Democrats able to allocate the 2010 budget, they might successfully pull support from Thaksin.

14. (C) The government had difficulty controlling mid-April protests because the vast majority of the police in Bangkok and Pattaya were sympathetic to Thaksin, Suthep said. Therefore, it had been necessary to involve the military in crowd control. Suthep noted that the government had not caused any fatalities during the riots; those who claimed otherwise were lying. In fact, the government had turned a blind eye to a policeman's shooting of a soldier, so as not to fuel institutional conflicts between the military and police. Suthep said he believed that the violence in April had discredited Thaksin in many Thais' eyes.

15. (C) The Ambassador sought Suthep's assurance that there would be no security problems during Secretary Clinton's July visit for the ASEAN Regional Forum ministerial meeting. Suthep remarked that the Secretary "has a lot of fans here," and he confidently predicted that there would be no problems, because the ministerial would take place in Phuket, and the police and local population in Phuket, like most other southern provinces, were sympathetic to the current government. Suthep also said he would involve the military in security preparations and establish extensive checkpoints to block any attempts to bring large numbers of protestors to Phuket.

16. (C) Suthep asked that the Ambassador explain to Washington

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the situation in Thailand. He worried that Thaksin had extensive wealth and was engaging in a public relations effort that misrepresented the nature of the anti-government movement, portraying it as focused on democracy. In fact, Suthep alleged, many of the people behind that movement were former communists who now were "almost terrorists" because of the methods they employed. (In this context, he named Thaksin associates Prommin Lertsuridej, Phumtham Vej Jayachai, Pansak Vinyaratn, Chaturon Chaiseng, and Kriangkamon Laohapairot.)

LAO HMONG, ROHINGYAS, AND STATELESS PERSONS

17. (C) The Ambassador raised concern for Lao Hmong in Thailand, acknowledging that the majority likely had no claim to refugee status. It was important that the RTG establish a transparent screening mechanism to ensure no one with a valid claim to refugee status might be involuntarily repatriated. The Ambassador stressed the Administration's and the U.S. Congress' high level of interest in the Lao Hmong. Suthep readily agreed with the Ambassador, noting that the RTG had followed up on prior returnees and had seen that Lao Hmong who return to Laos were generally content with their circumstances.

18. (C) The Ambassador expressed support for international monitoring of any returns of Lao Hmong to Laos. He also raised the disposition of Lao Hmong who were currently in a Nong Khai immigration detention facility. The Ambassador urged that, pending resettlement to a third country, these Lao Hmong -- including a significant number of children -- be allowed to remain with relatives in Lopburi province, rather than remaining essentially imprisoned. Suthep promised to look into this matter.

19. (C) Suthep raised the plight of Rohingyas, saying they presented a much more difficult problem than the Hmong. Suthep said the Rohingyas deserved international sympathy; the RTG could not openly welcome them but believed there

should be a "regional solution," which Suthep saw as resettlement in Muslim-majority countries such as Malaysia or Indonesia. The Ambassador urged that the RTG not undertake any actions that would appear to jeopardize the safety of Rohingyas, such as preventing those approaching Thailand by sea from landing. Suthep acknowledged that the RTG had at times done this, but in such cases had ensured the Rohingyas' boats were seaworthy and had provided them with food. The Ambassador countered that that approach was not flawless and could still imperil the lives of Rohingyas.

¶10. (C) Suthep said that the RTG was leaning toward providing Thai citizenship to all stateless people born in Thailand -- not simply stateless refugees, but also members of hill tribes. Naturally, however, the RTG could not be equally accommodating for stateless persons born outside of Thailand.

AMWAY AND THAI CUSTOMS

¶11. (C) The Ambassador raised concern about the Thai Customs Department, noting that Amway, which works with approximately 100,000 Thais and was the largest American importer of goods into Thailand, had been assessed a 200 million USD fine in connection with the valuation of certain imports. Refusal to pay could result in the imprisonment of certain Amway executives and a five-fold increase in the fine. The Ambassador stressed that the key problem in this case was the lack of transparency by the Customs office in its valuation process. Other members of the American business community also had repeatedly complained about the Department of Customs, whose actions appeared to be scaring away potential American exporters and investors.

¶12. (C) Suthep appeared to acknowledge that the Customs Department's operations could be problematic and non-transparent. He encouraged the Ambassador to provide him with written information on Amway's case, and he said that he hoped that in the near term a friend of Suthep's would become Permanent Secretary of the Finance Ministry; this appointment would provide Suthep greater means to assist informally.

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(The RTG has several Deputy Prime Ministers, and Suthep does not have formal authority over the Customs Department.)

IPR

¶13. (C) The Ambassador remarked that Deputy Commerce Minister Alongkorn Ponlaboot had made significant efforts to crack down on IPR violations. Suthep said he had encouraged Alongkorn to go after the factories that produced pirated merchandise, rather than pursuing the low-level street vendors, as in a high-profile May raid that became something of a fiasco (reftel).

SHRIMP EXPORTS

¶14. (C) Noting that he had a shrimp farm in southern Thailand, Suthep lamented that Thai shrimp exporters were still having difficulty in the U.S. market. The Ambassador responded that we were complying with the WTO ruling on continuous bonds. Suthep urged the U.S. to improve the regulatory environment in the U.S. market.

THE SOUTH

¶15. (C) Suthep said that the Abhisit administration hoped to promote the development of the South by providing small communities with credit, encouraging the production of agricultural commodities, handicrafts, and extending aid to fishermen. He hoped to double household income within three years, from 60,000 Baht to 120,000 Baht. In the Deep South,

there were 7,000 - 10,000 people "against the government" (we interpreted this as meaning insurgents or active supporters of the insurgency); Suthep said the RTG would not try to solve the insurgency using heavy-handed Thaksin-era methods; rather than trying to confront and kill insurgents, the RTG would focus primarily on protecting the rest of the population.

JOHN